

**CHARTER TOWNSHIP OF OAKLAND**  
**Oakland County, Michigan**

**AUDITED FINANCIAL REPORT**

**For the Fiscal Year Ended**  
**March 31, 2008**

CHARTER TOWNSHIP OF OAKLAND  
For the Year Ended March 31, 2008

Table of Contents

INTRODUCTORY SECTION

Table of Contents

FINANCIAL SECTION

Page

Independent Auditor's Report .....	1-2
Management's Discussion and Analysis .....	3-9
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Assets .....	10
Statement of Activities .....	11-12
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	13-14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	15-16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	17
Balance Sheet – Proprietary Funds .....	18
Statement of Revenues, Expenses, and Changes In Fund Equity – Proprietary Funds .....	19
Statement of Cash Flows – Proprietary Funds .....	20
Statement of Fiduciary Net Assets .....	21
Notes to Financial Statements .....	22-37

CHARTER TOWNSHIP OF OAKLAND  
For the Year Ended March 31, 2008

Table of Contents

	<u>Page</u>
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund .....	38-39
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Fire Special Revenue Fund.....	40
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Police Special Revenue Fund .....	41
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Land Preservation Special Revenue Fund.....	42
Other Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds .....	43
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds .....	44
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	45-46
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Special Revenue Funds .....	47-48
Combining Balance Sheet – Nonmajor Debt Service Funds.....	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Debt Service Funds .....	50

## FINANCIAL SECTION

# POST, SMYTHE, LUTZ and ZIEL

of Plymouth LLP  
*Certified Public Accountants*

## PLYMOUTH

1034 WEST ANN ARBOR TRAIL  
P.O. BOX 5520  
PLYMOUTH, MI 48170-1502

TELEPHONE (734) 453-8770  
FAX (734) 453-0312

Dennis M. Siegner, C.P.A., C.V.A.  
David R. Williamson, C.P.A.  
Jane F. Wang, C.P.A.  
Rana M. Emmons, C.P.A.

Jennifer A. Galofaro, C.P.A., C.V.A.  
Susan H. Bertram, C.P.A.

## BLOOMFIELD HILLS

3707 WEST MAPLE ROAD  
SUITE 101  
BLOOMFIELD HILLS, MI 48301-3212

TELEPHONE (248) 644-9125  
FAX (248) 593-1986

## Independent Auditor's Report

September 10, 2008

To the Board of Trustees  
Charter Township of Oakland  
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Oakland, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charter Township of Oakland's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Oakland as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees  
Charter Township of Oakland, Michigan  
September 10, 2008

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Charter Township of Oakland's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

A handwritten signature in cursive script that reads "Post Smythe Lutz and Ziel of Plymouth".

Post, Smythe, Lutz and Ziel of Plymouth LLP  
Certified Public Accountants

## Management's Discussion and Analysis

As management of the Charter Township of Oakland, we offer readers of the Charter Township of Oakland's financial statements this narrative overview and analysis of the financial activities of the Charter Township of Oakland for the fiscal year ended March 31, 2008.

### Financial Highlights

- The assets of the Charter Township of Oakland exceeded its liabilities at the close of the most recent fiscal year by \$44,558,915 (*net assets*). Of this amount, \$20,854,581 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Charter Township of Oakland's governmental funds reported combined ending fund balances of \$16,089,408, an increase of \$1,002,731 in comparison with the prior year.
- Charter Township of Oakland's total long-term debt decreased by \$750,000 during the current fiscal year, which represents the principal portion of annual debt service payments.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Charter Township of Oakland's basic financial statements. The Charter Township of Oakland's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Charter Township of Oakland's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Charter Township of Oakland's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Charter Township of Oakland is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Charter Township of Oakland that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Charter Township of Oakland include general government, public safety, planning and zoning, public works, and recreation and culture. The business-type activities of Charter Township of Oakland include the sewer system. The government-wide financial statements can be found on pages 10-12 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Charter Township of Oakland, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Charter Township of Oakland can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.



The Charter Township of Oakland maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire, Police, and Land Preservation Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into aggregated presentations by fund type. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

A budgetary comparison statement has been provided for the General, Fire, Police, and Land Preservation Funds to demonstrate compliance with the annual appropriated budget.

**Proprietary funds.** Charter Township of Oakland maintains two proprietary funds which are classified as enterprise fund types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Charter Township of Oakland used an enterprise fund to account for its water system and sewer system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water system and sewer system, which are considered to be a major funds of the Charter Township of Oakland.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Charter Township of Oakland's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 43-50 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Charter Township of Oakland, assets exceeded liabilities by \$44,558,915 at the close of the most recent fiscal year.

A significant portion of the Charter Township of Oakland's net assets (52 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Charter Township of Oakland used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Charter Township of Oakland's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Charter Township of Oakland's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and Other Assets	\$ 16,746,060	\$ 15,770,431	\$ 9,727,771	\$ 9,506,636	\$ 26,473,831	\$ 25,277,067
Capital Assets	21,960,914	20,900,914	8,129,927	8,345,325	30,090,841	29,246,239
Total Assets	38,706,974	36,671,345	17,857,698	17,851,961	56,564,672	54,523,306
Long-term Liabilities						
Outstanding	7,089,568	7,828,932	-	-	7,089,568	7,828,932
Other Liabilities	656,652	683,754	4,259,537	4,458,925	4,916,189	5,142,679
Total Liabilities	7,746,220	8,512,686	4,259,537	4,458,925	12,005,757	12,971,611
Net Assets:						
Invested in Capital Assets,						
net of related debt	14,970,914	13,071,982	8,129,927	8,345,325	23,100,841	21,417,307
Restricted	603,493	601,151	-	-	603,493	601,151
Unrestricted	15,386,347	14,485,526	5,468,234	5,047,711	20,854,581	19,533,237
Total Net Assets	\$ 30,960,754	\$ 28,158,659	\$ 13,598,161	\$ 13,393,036	\$ 44,558,915	\$ 41,551,695

An additional portion of Charter Township of Oakland's net assets (1.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$20,854,581) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Charter Township of Oakland is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The governmental net assets increased by \$2,802,095 during the current fiscal year, as presented:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Program Revenues:						
Charges for Services	\$ 545,173	\$ 713,346	\$ 3,597	\$ 2,089	\$ 548,770	\$ 715,435
Operating Grants & Contributions	10,133	16,487	-	-	10,133	16,487
Capital Grants & Contributions	589,564	340,933	18,010	592,906	607,574	933,839
General Revenues:						
Property Taxes	8,404,503	7,795,494	-	-	8,404,503	7,795,494
State Shared Revenue	920,614	913,626	-	-	920,614	913,626
Unrestricted Investment Earnings	703,641	646,128	422,177	408,058	1,125,818	1,054,186
Other	369,463	182,790	-	-	369,463	182,790
Total Revenues	<u>11,543,091</u>	<u>10,608,804</u>	<u>443,784</u>	<u>1,003,053</u>	<u>11,986,875</u>	<u>11,611,857</u>
Program Expenses:						
General Government	1,522,232	1,444,376	-	-	1,522,232	1,444,376
Public Safety	4,024,022	4,022,153	-	-	4,024,022	4,022,153
Planning and Zoning	131,239	144,302	-	-	131,239	144,302
Public Works	296,345	233,718	-	-	296,345	233,718
Health and Welfare	78,387	132,581	-	-	78,387	132,581
Recreation and Cultural	2,379,975	2,069,390	-	-	2,379,975	2,069,390
Interest on Long-Term Debt	308,796	333,943	-	-	308,796	333,943
Water	-	-	16,011	-	16,011	-
Sewer	-	-	222,648	231,706	222,648	231,706
Total Expenses	<u>8,740,996</u>	<u>8,380,463</u>	<u>238,659</u>	<u>231,706</u>	<u>8,979,655</u>	<u>8,612,169</u>
Change in Net Assets	<u>\$ 2,802,095</u>	<u>\$ 2,228,341</u>	<u>\$ 205,125</u>	<u>\$ 771,347</u>	<u>\$ 3,007,220</u>	<u>\$ 2,999,688</u>

**Business-type activities.** Business-type activities increased Charter Township of Oakland's net assets by \$205,125 which is a result of interest income less depreciation expense in the current year.

### Financial Analysis of the Government's Funds

As noted earlier, Charter Township of Oakland used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of Charter Township of Oakland's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Charter Township of Oakland's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Charter Township of Oakland's governmental funds reported combined ending fund balances of \$16,089,408 an increase of \$1,002,731 in comparison with the prior year. The *unreserved fund balance*, which is the amount available for spending at the government's discretion, represents 96% of the total fund balance. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to uphold contracts or bond agreements (\$603,493).

The general fund is the chief operating fund of Charter Township of Oakland. At the end of the current fiscal year, unreserved fund balance was \$6,708,803 and total fund balance was \$7,185,688. As a measure of the general fund's liquidity, it may be useful to compare fund balances to total fund expenditures. Fund balance represents over 300% of total general fund expenditures.

The fund balance of Charter Township of Oakland's general fund increased by \$331,999 during the current fiscal year. Revenues exceeded expenditures by \$681,999, and a transfer was made to the Fire Special Revenue Fund of \$300,000 to augment fire services and \$50,000 was transferred for building renovations.

**Proprietary funds.** Charter Township of Oakland's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Funds totaled \$5,468,234 at the end of the year. Other factors concerning the finances of this fund have already been addressed in the discussion of Charter Township of Oakland's business-type activities.

### **General Fund Budgetary Highlights**

The difference between the beginning and final budget was a decrease of \$1,699,400 in expenditures to reflect a change in capital outlay from the original spending plan; budgets were also amended to reflect minor departmental variances.

### **Capital Asset and Debt Administration**

**Capital assets.** Charter Township of Oakland's investment in capital assets for its governmental and business type activities as of March 31, 2008, amounts to \$30,090,841 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, water lines and the sewer systems. The investment in fixed assets increased by \$844,602 due primarily to land purchased less annual depreciation expense.

**Long-term debt.** At the end of the current fiscal year, Charter Township of Oakland had total bonded debt outstanding of \$6,990,000. All of Charter Township of Oakland's debt represents general obligation debt backed by the full faith and credit of Charter Township of Oakland, subject to constitutional limit.

Additional information on Charter Township of Oakland's long-term debt can be found in note IV. D. on page 35 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate is high in the State of Michigan. Despite the State's budget crisis and overall economic condition State Shared Revenues are projected to be relatively stable. Assessed values decreased 1.41%, and taxable values increased 3.55% in 2007. In 2008, taxable values decreased 1.6%, as the assessed values declined below the taxable values on enough properties to decrease the tax revenue relative to the previous year. Preliminary estimates from Oakland County Equalization indicate that there could be as much as an additional 4% decrease in taxable values in Oakland Township for the December 2009 tax levy. In the November 2006 general election, proposals for a renewal and roll up to .75 mills for Park and Recreation Operations, and new .25 mills for development of Township trails and safety paths were approved. The full .75 mill for Parks and Recreation will be collected beginning in December 2008, a voluntary rollback for that millage finished in 2007. The Fire Department millage renewal and roll up to 1.0 mill was approved at the August 2008 primary election. That full authorized millage will be collected beginning in 2009. With decreasing taxable values, the operational subsidy from the General Fund to the Fire Fund will continue. Also with this economic downturn, Building Fund revenues have been floundering, and operational adjustments to that department have been made. The Township used approximately \$500,000 of 2007-2008 General Fund operational funds for the Buell Road paving project. This reduced the growth of General Fund balance to about \$300,000 for year end 2008. The majority of those road project costs will be reimbursed in future years through Tri-party Program allocations. In 2008-2009, the Township completed its planned expenditure for the Cider Mill adaptive reuse facility. Use of designated funds and fund balance for this purpose will serve to reduce overall fund balance to the target - \$6 million range. As with the General Fund, balances continue to be healthy and the operations normal for the other Township funds.

These were some of the factors considered in preparing the Charter Township of Oakland's budgets.

## **Requests for Information**

This financial report is designed to provide a general overview of Charter Township of Oakland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Township Manager, 4393 Collins Road, Rochester, Michigan, 48306.

## BASIC FINANCIAL STATEMENTS

**CHARTER TOWNSHIP OF OAKLAND**  
**Statement of Net Assets**  
**March 31, 2008**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 15,629,364	\$ 9,691,392	\$ 25,320,756
Receivables (net of allowance for uncollectibles):			
Accounts	517,367	7,797	525,164
Due from Other Funds	225	27,500	27,725
Due from Other Units	599,104	1,082	600,186
Capital Assets (net of Accumulated Depreciation)	21,960,914	8,129,927	30,090,841
Total Assets	<u>38,706,974</u>	<u>17,857,698</u>	<u>56,564,672</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	287,585	111,856	399,441
Accrued Liabilities	184,135	2,491	186,626
Due to Other Funds	225	27,500	27,725
Due to Other Units	59,560	-	59,560
Deposits Payable	115,120	-	115,120
Deferred Revenue	10,027	4,117,690	4,127,717
Noncurrent Liabilities:			
Due within one year	695,000	-	695,000
Due in more than one year	6,394,568	-	6,394,568
Total Liabilities	<u>7,746,220</u>	<u>4,259,537</u>	<u>12,005,757</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, net of related debt	14,970,914	8,129,927	23,100,841
Restricted for:			
Debt Service	126,608	-	126,608
Specific Purposes	476,885	-	476,885
Unrestricted	15,386,347	5,468,234	20,854,581
Total Net Assets	<u>\$ 30,960,754</u>	<u>\$ 13,598,161</u>	<u>\$ 44,558,915</u>

**CHARTER TOWNSHIP OF OAKLAND**  
**Statement of Activities**  
**For the Year Ended March 31, 2008**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,522,232	\$ 56,224	\$ 593	\$ -
Public Safety	4,024,022	421,821	-	-
Planning and Zoning	131,239	540	-	-
Public Works	296,345	-	-	-
Health and Welfare	78,387	-	9,540	-
Recreation and Cultural	2,379,975	66,588	-	589,564
Interest on Long-Term Debt	308,796	-	-	-
Total Governmental Activities	<u>8,740,996</u>	<u>545,173</u>	<u>10,133</u>	<u>589,564</u>
Business-type Activities:				
Water	16,011	-	-	-
Sewer	222,648	3,597	-	18,010
Total Business-type Activities	<u>238,659</u>	<u>3,597</u>	<u>-</u>	<u>18,010</u>
Total	<u>\$ 8,979,655</u>	<u>\$ 548,770</u>	<u>\$ 10,133</u>	<u>\$ 607,574</u>

General Revenues:

Property Taxes  
State Shared Revenue  
Franchise Fees  
Gain on Sale of Fixed Assets  
Unrestricted Investment Earnings  
Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending



Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,465,415)	\$ -	\$ (1,465,415)
(3,602,201)	-	(3,602,201)
(130,699)	-	(130,699)
(296,345)	-	(296,345)
(68,847)	-	(68,847)
(1,723,823)	-	(1,723,823)
(308,796)	-	(308,796)
<u>(7,596,126)</u>	<u>-</u>	<u>(7,596,126)</u>
-	(16,011)	(16,011)
-	<u>(201,041)</u>	<u>(201,041)</u>
-	<u>(217,052)</u>	<u>(217,052)</u>
<u>(7,596,126)</u>	<u>(217,052)</u>	<u>(7,813,178)</u>
8,404,503	-	8,404,503
920,614	-	920,614
190,949	-	190,949
178,514	-	178,514
703,641	422,177	1,125,818
<u>10,398,221</u>	<u>422,177</u>	<u>10,820,398</u>
2,802,095	205,125	3,007,220
<u>28,158,659</u>	<u>13,393,036</u>	<u>41,551,695</u>
\$ <u>30,960,754</u>	\$ <u>13,598,161</u>	\$ <u>44,558,915</u>

**CHARTER TOWNSHIP OF OAKLAND**

**Balance Sheet**  
**Governmental Funds**  
**March 31, 2008**

	<u>General</u>	<u>Fire</u>	<u>Police</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 7,323,131	\$ 1,097,383	\$ 2,822,197
Receivables (net of allowance for uncollectibles):			
Accounts	62,097	66,386	124,895
Due from Other Funds	-	-	225
Due from Other Units	<u>9,540</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 7,394,768</u>	<u>\$ 1,163,769</u>	<u>\$ 2,947,317</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts Payable	\$ 50,680	\$ 30,807	\$ 162,897
Accrued and Other Liabilities	115,428	32,893	91
Due to Other Funds	-	-	-
Due to Other Units	-	59,560	-
Deposits Payable	32,945	-	-
Deferred Revenue	<u>10,027</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>209,080</u>	<u>123,260</u>	<u>162,988</u>
Fund Balances:			
Reserved for:			
Debt Service	-	-	-
Specific Purposes	476,885	-	-
Unreserved for:			
General Fund	6,708,803	-	-
Special Revenue Funds	-	1,040,509	2,784,329
Capital Project Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>7,185,688</u>	<u>1,040,509</u>	<u>2,784,329</u>
Total Liabilities and Fund Balances	<u>\$ 7,394,768</u>	<u>\$ 1,163,769</u>	<u>\$ 2,947,317</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net Assets of Governmental Activities

<u>Land Preservation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 458,111	\$ 3,928,542	\$ 15,629,364
108,450	155,539	517,367
-	-	225
<u>589,564</u>	<u>-</u>	<u>599,104</u>
\$ <u><u>1,156,125</u></u>	\$ <u><u>4,084,081</u></u>	\$ <u><u>16,746,060</u></u>

\$ 11,655	\$ 31,546	\$ 287,585
2,855	32,868	184,135
-	225	225
-	-	59,560
-	82,175	115,120
-	-	10,027
<u>14,510</u>	<u>146,814</u>	<u>656,652</u>

-	126,608	126,608
-	-	476,885
-	-	6,708,803
1,141,615	3,766,117	8,732,570
-	44,542	44,542
<u>1,141,615</u>	<u>3,937,267</u>	<u>16,089,408</u>
\$ <u><u>1,156,125</u></u>	\$ <u><u>4,084,081</u></u>	

21,960,914

(7,089,568)

\$ 30,960,754

**CHARTER TOWNSHIP OF OAKLAND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended March 31, 2008**

	<u>General</u>	<u>Fire</u>	<u>Police</u>
<u>Revenues</u>			
Property Taxes	\$ 1,144,818	\$ 1,220,641	\$ 2,298,568
Licenses and Permits	3,195	-	-
Intergovernmental:			
Federal, State and Local	930,747	-	-
Charges for Services	24,233	127,782	-
Fines and Forfeitures	37,408	-	-
Franchise Fees	190,949	-	-
Interest	406,812	25,675	84,432
Other	29,336	25	-
Total Revenues	<u>2,767,498</u>	<u>1,374,123</u>	<u>2,383,000</u>
<u>Expenditures</u>			
Current:			
General Government	989,336	-	-
Public Safety	-	1,194,952	1,993,537
Planning and Zoning	131,239	-	-
Public Works	704,903	-	-
Health and Welfare	78,387	-	-
Recreation and Cultural	-	-	-
Other	175,619	-	-
Debt Service:			
Principal	-	-	-
Interest and Other Charges	-	-	-
Capital Outlay	6,015	123,291	-
Total Expenditures	<u>2,085,499</u>	<u>1,318,243</u>	<u>1,993,537</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>681,999</u>	<u>55,880</u>	<u>389,463</u>
Other Financing Sources (Uses):			
Proceeds from Sale of Assets	-	-	-
Transfers In	-	300,000	-
Transfers Out	(350,000)	(360,859)	-
Total Other Financing Sources (Uses)	<u>(350,000)</u>	<u>(60,859)</u>	<u>-</u>
Net Change in Fund Balances	331,999	(4,979)	389,463
Fund Balances - Beginning	<u>6,853,689</u>	<u>1,045,488</u>	<u>2,394,866</u>
Fund Balances - Ending	<u>\$ 7,185,688</u>	<u>\$ 1,040,509</u>	<u>\$ 2,784,329</u>

Land Preservation	Other Governmental Funds	Total Governmental Funds
\$ 900,844	\$ 2,839,632	\$ 8,404,503
-	250,006	253,201
589,564	-	1,520,311
3,600	9,750	165,365
-	-	37,408
-	-	190,949
49,430	137,292	703,641
328	59,510	89,199
<u>1,543,766</u>	<u>3,296,190</u>	<u>11,364,577</u>
-	-	989,336
-	527,733	3,716,222
-	-	131,239
-	-	704,903
-	-	78,387
237,100	1,967,363	2,204,463
-	-	175,619
-	750,000	750,000
-	308,796	308,796
1,358,695	31,054	1,519,055
<u>1,595,795</u>	<u>3,584,946</u>	<u>10,578,020</u>
<u>(52,029)</u>	<u>(288,756)</u>	<u>786,557</u>
216,174	-	216,174
-	911,452	1,211,452
<u>(347,312)</u>	<u>(153,281)</u>	<u>(1,211,452)</u>
<u>(131,138)</u>	<u>758,171</u>	<u>216,174</u>
(183,167)	469,415	1,002,731
<u>1,324,782</u>	<u>3,467,852</u>	<u>15,086,677</u>
<u>\$ 1,141,615</u>	<u>\$ 3,937,267</u>	<u>\$ 16,089,408</u>

**CHARTER TOWNSHIP OF OAKLAND**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended March 31, 2008**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 1,002,731
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	1,060,000
--	-----------

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>739,364</u>
--	----------------

Change in net assets in governmental activities	\$ <u><u>2,802,095</u></u>
---	----------------------------

**CHARTER TOWNSHIP OF OAKLAND****Balance Sheet**  
**Proprietary Funds**  
**March 31, 2008**

	<u>Business-type Activities</u>		<u>Total</u>
	<u>Water</u>	<u>Sewer</u>	
<b><u>ASSETS</u></b>			
Current Assets:			
Cash	\$ 4,274,785	\$ 5,416,607	\$ 9,691,392
Accounts Receivable	-	7,797	7,797
Due from Other Funds	27,500	-	27,500
Due from Other Units	-	1,082	1,082
Total Current Assets	<u>4,302,285</u>	<u>5,425,486</u>	<u>9,727,771</u>
Fixed Assets:			
Water Mains	878,575	-	878,575
Sewer Mains	-	10,291,952	10,291,952
Accumulated Depreciation	<u>(5,019)</u>	<u>(3,035,581)</u>	<u>(3,040,600)</u>
Net Fixed Assets	<u>873,556</u>	<u>7,256,371</u>	<u>8,129,927</u>
Total Assets	<u>\$ 5,175,841</u>	<u>\$ 12,681,857</u>	<u>\$ 17,857,698</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
Current Liabilities:			
Accounts Payable	\$ 1,929	\$ 109,927	\$ 111,856
Contracts Payable	-	2,491	2,491
Due to Other Funds	-	27,500	27,500
Total Current Liabilities	<u>1,929</u>	<u>139,918</u>	<u>141,847</u>
Noncurrent Liabilities:			
Deferred Revenue	<u>4,117,690</u>	<u>-</u>	<u>4,117,690</u>
Fund Equity:			
Invested in Capital Assets, net of related debt	873,556	7,256,371	8,129,927
Unrestricted	<u>182,666</u>	<u>5,285,568</u>	<u>5,468,234</u>
Total Fund Equity	<u>1,056,222</u>	<u>12,541,939</u>	<u>13,598,161</u>
Total Liabilities and Fund Equity	<u>\$ 5,175,841</u>	<u>\$ 12,681,857</u>	<u>\$ 17,857,698</u>

**CHARTER TOWNSHIP OF OAKLAND**  
**Statement of Revenues, Expenses and Changes in Fund Equity**  
**Proprietary Funds**  
**For the Year Ended March 31, 2008**

	Business-type Activities		
	Water	Sewer	Total
Operating Revenues:			
Charges for Services	\$ -	\$ 3,597	\$ 3,597
Operating Expenses:			
Operations & Maintenance	10,992	12,269	23,261
Depreciation Expense	5,019	210,379	215,398
Total Operating Expenses	16,011	222,648	238,659
Operating Income (Loss)	(16,011)	(219,051)	(235,062)
Nonoperating Revenues (Expenses):			
Interest Income	193,658	228,519	422,177
Income (Loss) Before Contributions and Transfers	177,647	9,468	187,115
Contributions and Transfers:			
Capital Contributions	-	18,010	18,010
Transfers In (Out)	878,575	(878,575)	-
Net Contributions and Transfers	878,575	(860,565)	18,010
Net Income (Loss)	1,056,222	(851,097)	205,125
Fund Equity - April 1	-	13,393,036	13,393,036
Fund Equity - March 31	\$ 1,056,222	\$ 12,541,939	\$ 13,598,161



**CHARTER TOWNSHIP OF OAKLAND**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended March 31, 2008**

	<u>Business-type Activities</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 4,090,190	\$ (4,086,593)	\$ 3,597
Payments to suppliers	(9,063)	(242,087)	(251,150)
Net Cash Provided (Used) by Operating Activities	<u>4,081,127</u>	<u>(4,328,680)</u>	<u>(247,553)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Capital Contributions	-	18,010	18,010
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>18,010</u>	<u>18,010</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest Earned	193,658	228,519	422,177
Net Cash Provided (Used) by Investing Activities	<u>193,658</u>	<u>228,519</u>	<u>422,177</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,274,785	(4,082,151)	192,634
Cash and Cash Equivalents, Beginning	-	9,498,758	9,498,758
Cash and Cash Equivalents, Ending	<u>\$ 4,274,785</u>	<u>\$ 5,416,607</u>	<u>\$ 9,691,392</u>
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$ (16,011)	\$ (219,051)	\$ (235,062)
Adjustments to Reconcile Operating Income (Loss) †			
Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	5,019	210,379	-
(Increase) Decrease in Due from Other Funds	(27,500)	-	-
(Increase) Decrease in Due from Other Units	-	(1,001)	-
Increase (Decrease) in Accounts Payable	1,929	(1,501)	-
Increase (Decrease) in Contracts Payable	-	(54,062)	-
Increase (Decrease) in Due to Other Funds	-	(173,254)	-
Increase (Decrease) in Deferred Revenue	4,117,690	(4,090,190)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,081,127</u>	<u>\$ (4,328,680)</u>	<u>\$ (235,062)</u>

**CHARTER TOWNSHIP OF OAKLAND**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**March 31, 2008**

	Agency Funds		
	Current Tax Collection	Trust & Agency	Total
ASSETS			
Cash	\$ 798	\$ 1,475	\$ 2,273
LIABILITIES			
Due to Other	798	1,475	2,273
NET ASSETS	\$ -	\$ -	\$ -

CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Charter Township of Oakland was organized in 1827 under the Constitution of the State of Michigan and elected Charter status on August 30, 1988, under the provisions of Public Act 359 of 1947, as amended (Charter Township Act). The Township is operated under a Board of Trustees form of government and provides the following services as authorized by law: public safety (police, fire, and safety inspections), highways and streets, sanitation, library, recreation, public improvements, planning and zoning, community programs and general administrative services.

As required by generally accepted accounting principles, these financial statements present the Charter Township of Oakland and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Township's operations and so data from these units is combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. All component units of the Charter Township of Oakland are blended component units and as such, all their financial data has been combined with the data of the primary government in these financial statements. The blended component units include the Building Authority, the Parks Commission, and the Library. Each component unit has a March 31 year end.

B. Joint Ventures

Paint Creek Trailways Commission

A joint venture agreement, effective December 23, 1981, was entered into by the Charter Township of Oakland, the Charter Township of Orion, the City of Rochester Hills, and the City of Rochester for the purpose of establishing and providing for the powers and duties of the Trailways Commission, pursuant to the Urban Cooperation Act (P.A. 7 of 1967). The Commission is a separate legal entity for the purpose of owning, exercising right of dominion over, developing, providing, maintaining and operating certain non-motorized public trails for recreational use within the jurisdictions of member governmental units. The Township appoints two commissioners to the governing board which is responsible for approving the annual budget. Pursuant to the agreement, each member shall be responsible for an equal share of the Commission's budget. For the fiscal year ended March 31, 2008, the Charter Township of Oakland provided \$45,820 to the Commission. The Paint Creek Trailways Commission is not considered a part of the reporting entity of the Charter Township of Oakland. Separate financial statements of the joint venture may be obtained at Paint Creek Trailways Commission, 4393 Collins Road, Rochester, Michigan 48306.

CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Joint Ventures – Continued

Older Persons' Commission

An interlocal agreement, effective March 28, 1985, and amended August 28, 1995, was entered into by the Charter Township of Oakland, City of Rochester Hills, and the City of Rochester for the purpose of establishing an Older Persons' Commission pursuant to the Urban Cooperation Act (P.A. 7 of 1967). The Commission is a separate legal entity for the purpose of providing activities and services for older persons, defined as those individuals sixty years of age or older residing in the governmental units which are parties to the agreement. The activities and services to be provided include, but are not limited to, the joint ownership and operation of an older persons' activity center and transportation. The Township appoints one member to the Older Persons' Commission. Pursuant to the agreement, each member shall be responsible for its pro-rata share of the budget based upon its assessed valuation of property. During the fiscal year ended March 31, 2008, the Charter Township of Oakland provided \$425,086 to the Commission. The Older Persons' Commission is not considered a part of the reporting entity of the Charter Township of Oakland. Separate financial statements of the Commission may be obtained at Older Persons' Commission, 650 Letica Drive, Rochester, Michigan 48307.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Government-Wide and Fund Financial Statements – Continued

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Governmental Funds

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund, Police Fund and Land Preservation Fund are special revenue funds supported by voted operating tax levies.

CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Governmental Funds – Continued

In addition, the Township reports on the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes.

The debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the following fund type:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Township has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Township's enterprise funds are the Water and Sewer Funds, which are reported as a major funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise fund, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity by the Township or as an agent on behalf of others. Fiduciary funds include the following fund types:

The Agency Funds are used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of allowances for uncollectible accounts, which are recorded as follows:

	<u>Accounts Receivable Governmental</u>	<u>Accounts Receivable Enterprise</u>
Total	\$ 517,367	\$ 7,797
Less Allowance for Doubtful Accounts	<u>-</u>	<u>-</u>
Net Realizable Value	<u>\$ 517,367</u>	<u>\$ 7,797</u>

CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Assets or Equity – Continued

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	7
Buildings	15-39
Equipment	5-15
Sewer Lines	40-50
Infrastructure	10-50

4. Intangible Assets

Shared road improvements and shared trailways represent the Township's portion of road and trailway improvements for roads and trailways owned by others. The Township records these payments as intangible assets and amortizes the costs over the expected future periods to be benefited. The amortization periods are as follows:

	<u>Years</u>
Road Improvements	30
Trailway Improvements	30

5. Compensated Absences

In accordance with the Township's employee policy handbook, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only



CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Assets or Equity – Continued

5. Compensated Absences – Continued

when they have matured or come due for payment. The long-term portion of compensated absences related to the governmental funds is a liability recorded in the Statement of Net Assets. The total liability at March 31, 2008 is \$114,156.

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets. Long-term liabilities expected to be financed from proprietary funds are reported as liabilities in those funds.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet And the Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$21,960,914 difference are as follows:

Capital Assets (net of accumulated depreciation)	\$ 20,248,933
Intangible Assets (net of accumulated amortization)	<u>1,711,981</u>
	<u>\$ 21,960,914</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense and amortization expense.” The details of this \$1,060,000 difference are as follows:

Capital Outlay	\$ 1,519,055
Intangible Assets-Road Improvements	541,425
Disposal of Assets	(28,820)
Depreciation and Amortization Expense	<u>(971,660)</u>
	<u>\$ 1,060,000</u>

CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being incurred.

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. In accordance with State law, the Township Superintendent submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year. Detail line item budgets are included for administrative control. The level of control for the detail budgets is at the departmental basis for the General Fund and the Special Revenue Funds.
2. Public hearings are conducted in January and February to obtain taxpayer comment.
3. The budget is legally enacted through passage of a budget resolution (general appropriation act).
4. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Budget appropriations lapse at year end.
6. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.
7. Budgeted amounts are reported as originally adopted and as amended by the Township Board. The budget was amended during fiscal year 2008.

CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of March 31, 2008.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

In accordance with Public Act 2, of 1968, as amended, the Township may not expend amounts over the amounts appropriated in the approved annual budget. The Township did not expend amounts over the amounts appropriated in fiscal year 2007-2008.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

The following information as required by the Governmental Accounting Standards Board Statement Number 40, is presented regarding the Township's deposits and investments:

Custodial Credit Risk. In the event of a bank failure, the Township's deposits may not be recovered. Neither State law nor the Township's investment policy requires consideration of custodial credit risk. As of March 31, 2008, the Township's book balance of its deposits was \$25,323,029. The bank balance was \$25,315,936 which was exposed to custodial credit risk, as follows:

	<u>Bank Balance</u>
Insured by F.D.I.C.	\$ 900,432
Uninsured and Uncollateralized	<u>24,415,504</u>
Total	<u>\$ 25,315,936</u>

CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

IV. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

A reconciliation of cash to the accompanying financial statements follows:

Statement of Net Assets:	
Cash and Cash Equivalents	\$ 25,320,756
Fiduciary Fund:	
Cash	<u>2,273</u>
Total	<u>\$ 25,323,029</u>

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices.

Interest Rate Risk. The Township's investment policy limits investment maturities to two years as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's deposits and investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Deposits and Investments:		
Savings and Checking Accounts	\$ 460,290	Demand
Pooled Funds	\$15,522,903	Demand
Certificates of Deposit	\$ 9,332,743	297 Days

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices. As of year end, all deposits and investments consist of demand accounts, pooled investments, certificates of deposit, all of which are not rated.

Concentration of Credit Risk. The Township's investment policy places no limit on the amount the Township may invest in any one issuer. The Township does not have more than 5% of its total investments in a single issuer.

CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

IV. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

Capital asset activity for the year ended March 31, 2008 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not depreciated:				
Land	\$ 11,355,996	\$ 1,350,000	\$ -	\$ 12,705,996
Land - Fire Dept.	232,000	-	-	232,000
Capital Assets, being depreciated:				
Land Improvements	1,156,349	-	-	1,156,349
Buildings	4,866,534	-	(235,000)	4,631,534
Building Improvements	391,051	5,508	-	396,559
Computer Equipment	197,025	1,385	-	198,410
Election Equipment	165,597	-	-	165,597
Office Furniture and Equipment	361,673	1,012	-	362,685
Vehicles	180,092	42,504	-	222,596
Fire-Buildings	2,992,770	-	-	2,992,770
Fire-Building Equipment	48,302	-	-	48,302
Fire-Furniture & Fixtures	74,047	-	-	74,047
Fire-Computer Equipment	15,278	2,950	-	18,228
Fire-Vehicles	2,195,441	115,696	-	2,311,137
Fire-Equipment	570,735	-	(50)	570,685
Intangible Assets	1,490,100	541,425	-	2,031,525
	<u>26,292,990</u>	<u>2,060,480</u>	<u>(235,050)</u>	<u>28,118,420</u>
Less: Accumulated Depreciation:				
Land Improvements	(725,587)	(126,227)	-	(851,814)
Buildings	(1,607,962)	(293,615)	197,340	(1,704,237)
Building Improvements	(259,021)	(15,570)	-	(274,591)
Computer Equipment	(160,285)	(12,529)	-	(172,814)
Election Equipment	(76,924)	(10,609)	-	(87,533)
Office Furniture and Equipment	(345,034)	(7,821)	8,890	(343,965)
Vehicles	(116,201)	(39,589)	-	(155,790)
Fire Dept.	(1,930,528)	(316,690)	-	(2,247,218)
Infrastructure	(170,534)	(149,010)	-	(319,544)
	<u>(5,392,076)</u>	<u>(971,660)</u>	<u>206,230</u>	<u>(6,157,506)</u>
Governmental Activities				
Capital Assets, net	<u>\$ 20,900,914</u>	<u>\$ 1,088,820</u>	<u>\$ (28,820)</u>	<u>\$ 21,960,914</u>

CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

IV. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets – Continued

Depreciation and amortization expense was charged to programs as follows:

General Government	\$	357,227		
Public Safety		316,690		
Public Works		132,867		
Recreation and Cultural		<u>164,876</u>		
	\$	<u>971,660</u>		

  

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Business-type Activities:</u>				
Capital Assets, being depreciated:				
Sewer System	\$ 10,291,952	\$ -	\$ -	\$ 10,291,952
Water Lines	<u>878,575</u>	<u>-</u>	<u>-</u>	<u>878,575</u>
	<u>11,170,527</u>	<u>-</u>	<u>-</u>	<u>11,170,527</u>
Less: Accumulated Depreciation:				
Sewer System	(2,825,202)	(210,379)	-	(3,035,581)
Water Lines	<u>-</u>	<u>(5,019)</u>	<u>-</u>	<u>(5,019)</u>
	<u>(2,825,202)</u>	<u>(215,398)</u>	<u>-</u>	<u>(3,040,600)</u>
Business-type Activities				
Capital Assets, net	<u>\$ 8,345,325</u>	<u>\$ (215,398)</u>	<u>\$ -</u>	<u>\$ 8,129,927</u>

C. Inter-fund Receivables, Payables and Transfers

Receivable Fund	Payable Fund	Amount
Police Fund	Park Fund	\$ 225
Water Fund	Sewer Fund	<u>27,500</u>
		<u>\$ 27,725</u>
<u>Transfers In</u>	<u>Transfers Out</u>	
Fire Fund	General Fund	\$ 300,000
Building Construction	General Fund	50,000
2000 Fire/Park Debt	Fire Fund	360,859
2000 Fire/Park Debt	Park Fund	153,281
2000 Park Debt	Land Preservation Fund	30,750
2004 Land Debt	Land Preservation Fund	316,562
Water Fund	Sewer Fund	<u>878,575</u>
		<u>\$ 2,090,027</u>

Inter-Fund A/R and A/P represent uncleared balances at year end, arising in the normal course of business.

Transfer from the General Fund to the Fire Fund represents amount to augment revenues for fire activities. All other transfers are to meet annual debt service obligations.

CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

IV. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt

The following is a summary of long-term debt transactions of the Township for the year ended March 31, 2008:

	Balance April 1, 2007	Additions	Reductions	Balance March 31, 2008	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 7,740,000	\$ -	\$ 750,000	\$ 6,990,000	\$ 695,000
Compensated Absences	88,932	10,636	-	99,568	-
	<u>\$ 7,828,932</u>	<u>\$ 10,636</u>	<u>\$ 750,000</u>	<u>\$ 7,089,568</u>	<u>\$ 695,000</u>

The following is a summary of general obligation debt outstanding of the Township as of March 31, 2008:

	Number of Issues	Interest Rate	Maturing Through	Principal Outstanding
Governmental Activities:				
General Obligation Bonds	3	2.25%-5.00%	2021	<u>\$ 6,990,000</u>

The annual debt service requirements to maturity for debt outstanding as of March 31, 2008 is as follows:

Year Ended	Governmental Activities	
	Principal	Interest
2009	\$ 695,000	\$ 285,239
2010	780,000	262,264
2011	845,000	235,421
2012	355,000	213,674
2013	370,000	197,944
2014-2018	2,280,000	704,607
2019-2021	1,665,000	137,781
	<u>\$ 6,990,000</u>	<u>\$ 2,036,930</u>



CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

IV. DETAILED NOTES ON ALL FUNDS – Continued

E. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at March 31, 2008, is presented below:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>
<u>Fund Balance</u>				
Reserved for:				
Debt Service	\$ -	\$ -	\$ 126,608	\$ -
Specific Purposes	<u>476,885</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Reserved	476,885	-	126,608	-
Unreserved:				
Designated	1,460,000	216,950	-	-
Undesignated	<u>5,248,803</u>	<u>8,515,620</u>	<u>-</u>	<u>44,542</u>
Total Fund Balance	<u>\$ 7,185,688</u>	<u>\$ 8,732,570</u>	<u>\$ 126,608</u>	<u>\$ 44,542</u>

F. Property Taxes

Property taxes are assessed as of each December 31. The Township tax levy is billed on December 1 of the following year, and payable through February. Taxes are considered delinquent on March 1, at which time the applicable property is subject to lien and penalty and interest is assessed. The maximum authorized operating levies for the Township are detailed below:

<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate (Pre Rollback)*</u>	<u>Per \$1,000 State Equalized Value</u>	
			<u>Authorized Rate (Post Rollback)*</u>	<u>Rate Levied</u>
Operating	State Law	1.4100	.8774	.8774
Older Persons	Voter Approved	.2500	.2342	.2342
Older Persons Debt	Voter Approved	As Needed	.1517	.1517
Library	Voter Approved	.5490	.4971	.4971
Library	Voter Approved	.2000	.1241	.1241
Parks	Voter Approved	.7500	.7500	.7167
Fire	Voter Approved	1.0000	.9371	.9371
Police	Voter Approved	1.7870	1.7646	1.7646
Historic Preservation	Voter Approved	.1250	.1170	.1170
Land Acquisition	Voter Approved	.7500	.6916	.6916
Trail System	Voter Approved	.2500	.2500	.2500
OPC Transportation	Voter Approved	.0900	.0900	<u>.0900</u>
				<u>6.4515</u>

CHARTER TOWNSHIP OF OAKLAND  
Notes to Financial Statements  
March 31, 2008

V. OTHER INFORMATION

A. Risk Management

The Charter Township of Oakland is a member of the Michigan Township Participating Plan for its property and casualty insurance coverage and maintains commercial insurance coverage for workers compensation, and accidental death, dismemberment and disability liabilities. The Township believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three fiscal years.

B. Defined Contribution Plans

The Township maintains a defined contribution pension plan for its elected officials and other qualified employees of the Township. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one and a half months of employment, and are fully vested upon death, total disability, retirement or on termination of service. As established by Board resolution, the Township contributes 12% of employees' gross earnings annually to the plan. The plan may be amended by Board resolution. The Township's current year contribution was \$166,328.

C. Subsequent Event

The Township issued General Obligation Limited Tax Bonds, Series 2008 in the amount of \$4,100,000, in August 2008 for developing land for parks and acquiring land to be used by the Township for public purposes. The bonds will be repaid over a period of 13 years, and maturing in June 2021.

REQUIRED SUPPLEMENTARY INFORMATION

**CHARTER TOWNSHIP OF OAKLAND**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 1,143,500	\$ 1,143,500	\$ 1,144,818	\$ 1,318
Licenses and Permits	3,300	3,300	3,195	(105)
Intergovernmental - Federal/CDBG	22,000	22,000	9,540	(12,460)
Intergovernmental - State	884,500	909,600	920,614	11,014
Intergovernmental - County	61,000	61,000	593	(60,407)
Charges for Services	89,300	34,800	24,233	(10,567)
Fines and Forfeitures	45,000	45,000	37,408	(7,592)
Franchise Fees	150,000	189,000	190,949	1,949
Interest	200,000	300,000	406,812	106,812
Other	32,200	48,200	29,336	(18,864)
Total Revenues	<u>2,630,800</u>	<u>2,756,400</u>	<u>2,767,498</u>	<u>11,098</u>
Expenditures:				
General Government:				
Township Board	387,000	337,100	216,929	120,171
Township Supervisor	14,100	14,100	13,630	470
Superintendent	153,300	153,300	138,046	15,254
Township Clerk	204,750	204,750	179,672	25,078
Board of Review	6,300	6,300	2,311	3,989
Township Treasurer	194,750	194,750	154,850	39,900
Assessor	130,500	125,500	116,085	9,415
Elections	57,000	57,000	24,457	32,543
Building & Grounds	183,100	158,100	140,596	17,504
Cemetery	16,000	16,000	2,760	13,240
Total General Government	<u>1,346,800</u>	<u>1,266,900</u>	<u>989,336</u>	<u>277,564</u>
Planning and Zoning:				
Planning Commission	149,200	149,200	116,610	32,590
Zoning Board of Appeals	22,500	21,000	14,629	6,371
Total Planning and Zoning	<u>171,700</u>	<u>170,200</u>	<u>131,239</u>	<u>38,961</u>
Public Works:				
Highways and Streets	665,200	693,200	670,860	22,340
Street Lighting	6,000	6,000	4,762	1,238
Dumping	35,000	35,000	29,281	5,719
Total Public Works	<u>706,200</u>	<u>734,200</u>	<u>704,903</u>	<u>29,297</u>
Health and Welfare:				
Community Programs	133,000	137,000	59,629	77,371
Community Development Block Grant	25,000	25,000	18,758	6,242
Total Health and Welfare	<u>158,000</u>	<u>162,000</u>	<u>78,387</u>	<u>83,613</u>
Other Functions:				
Fringe Benefits	163,000	163,000	143,531	19,469
Insurance and Bonds	35,000	35,000	32,088	2,912
Total Other Functions	<u>198,000</u>	<u>198,000</u>	<u>175,619</u>	<u>22,381</u>
Capital Outlay	<u>1,913,800</u>	<u>263,800</u>	<u>6,015</u>	<u>257,785</u>
Total Expenditures	<u>4,494,500</u>	<u>2,795,100</u>	<u>2,085,499</u>	<u>709,601</u>

(continued)

**CHARTER TOWNSHIP OF OAKLAND**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,863,700)	\$ (38,700)	\$ 681,999	\$ 720,699
Other Financing Uses: Operating Transfers Out	<u>(350,000)</u>	<u>(300,000)</u>	<u>(350,000)</u>	<u>(50,000)</u>
Net Change in Fund Balance	\$ <u><u>(2,213,700)</u></u>	\$ <u><u>(338,700)</u></u>	331,999	\$ <u><u>670,699</u></u>
Fund Balance - April 1			<u>6,853,689</u>	
Fund Balance - March 31			\$ <u><u>7,185,688</u></u>	

**CHARTER TOWNSHIP OF OAKLAND**  
**Fire Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 1,223,259	\$ 1,223,259	\$ 1,220,641	\$ (2,618)
Charges for Services	124,000	150,000	127,782	(22,218)
Interest	20,000	25,000	25,675	675
Other	35,000	-	25	25
Total Revenues	<u>1,402,259</u>	<u>1,398,259</u>	<u>1,374,123</u>	<u>(24,136)</u>
Expenditures:				
Public Safety	1,214,400	1,149,400	1,194,952	(45,552)
Capital Outlay	177,000	188,000	123,291	64,709
Total Expenditures	<u>1,391,400</u>	<u>1,337,400</u>	<u>1,318,243</u>	<u>19,157</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>10,859</u>	<u>60,859</u>	<u>55,880</u>	<u>(4,979)</u>
Other Financing Sources (Uses):				
Operating Transfer In	350,000	300,000	300,000	-
Operating Transfer Out	<u>(360,859)</u>	<u>(360,859)</u>	<u>(360,859)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(10,859)</u>	<u>(60,859)</u>	<u>(60,859)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	(4,979)	\$ <u>(4,979)</u>
Fund Balance - April 1			<u>1,045,488</u>	
Fund Balance - March 31			\$ <u>1,040,509</u>	

**CHARTER TOWNSHIP OF OAKLAND**  
**Police Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 2,260,000	\$ 2,260,000	\$ 2,298,568	\$ 38,568
Interest	50,000	50,000	84,432	34,432
Total Revenues	2,310,000	2,310,000	2,383,000	73,000
Expenditures:				
Public Safety	2,310,000	2,310,000	1,993,537	316,463
Excess (Deficiency) of Revenue Over Expenditures	\$ <u>-</u>	\$ <u>-</u>	389,463	\$ <u>389,463</u>
Fund Balance - April 1			<u>2,394,866</u>	
Fund Balance - March 31			\$ <u>2,784,329</u>	

**CHARTER TOWNSHIP OF OAKLAND**  
**Land Preservation Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 871,909	\$ 902,863	\$ 900,844	\$ (2,019)
State Grant	894,000	894,000	589,564	(304,436)
Charges for Services	-	-	3,600	3,600
Interest	16,000	35,000	49,430	14,430
Other	-	-	328	328
Total Revenues	<u>1,781,909</u>	<u>1,831,863</u>	<u>1,543,766</u>	<u>(288,097)</u>
Expenditures:				
Recreation	266,767	259,067	237,100	21,967
Capital Outlay	1,529,700	1,976,500	1,358,695	617,805
Total Expenditures	<u>1,796,467</u>	<u>2,235,567</u>	<u>1,595,795</u>	<u>639,772</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(14,558)</u>	<u>(403,704)</u>	<u>(52,029)</u>	<u>351,675</u>
Other Financing Sources (Uses):				
Sale of Fixed Asset	-	216,000	216,174	174
Operating Transfer Out	<u>(347,312)</u>	<u>(347,312)</u>	<u>(347,312)</u>	-
Total Other Financing Sources (Uses)	<u>(347,312)</u>	<u>(131,312)</u>	<u>(131,138)</u>	<u>174</u>
Net Change in Fund Balance	\$ <u>(361,870)</u>	\$ <u>(535,016)</u>	(183,167)	\$ <u>351,849</u>
Fund Balance - April 1			<u>1,324,782</u>	
Fund Balance - March 31			\$ <u>1,141,615</u>	



OTHER SUPPLEMENTARY INFORMATION

**CHARTER TOWNSHIP OF OAKLAND**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**March 31, 2008**

	Special Revenue	Debt Service	Building Construction	Total Nonmajor Governmental Funds
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 3,761,917	\$ 116,625	\$ 50,000	\$ 3,928,542
Accounts Receivable	<u>145,556</u>	<u>9,983</u>	<u>-</u>	<u>155,539</u>
Total Assets	<u><u>\$ 3,907,473</u></u>	<u><u>\$ 126,608</u></u>	<u><u>\$ 50,000</u></u>	<u><u>\$ 4,084,081</u></u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Accounts Payable	\$ 26,088	\$ -	\$ 5,458	\$ 31,546
Accrued Liabilities	32,868	-	-	32,868
Due to Other Funds	225	-	-	225
Deposits Payable	<u>82,175</u>	<u>-</u>	<u>-</u>	<u>82,175</u>
Total Liabilities	<u>141,356</u>	<u>-</u>	<u>5,458</u>	<u>146,814</u>
Fund Balance:				
Reserved for:				
Debt Service	-	126,608	-	126,608
Unreserved	<u>3,766,117</u>	<u>-</u>	<u>44,542</u>	<u>3,810,659</u>
Total Fund Balance	<u>3,766,117</u>	<u>126,608</u>	<u>44,542</u>	<u>3,937,267</u>
Total Liabilities and Fund Balance	<u><u>\$ 3,907,473</u></u>	<u><u>\$ 126,608</u></u>	<u><u>\$ 50,000</u></u>	<u><u>\$ 4,084,081</u></u>

**CHARTER TOWNSHIP OF OAKLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended March 31, 2008**

	Special Revenue	Debt Service	Building Construction	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$ 2,642,397	\$ 197,235	\$ -	\$ 2,839,632
Licenses and Permits	250,006	-	-	250,006
Charges for Services	9,750	-	-	9,750
Interest	122,821	14,471	-	137,292
Other	59,510	-	-	59,510
Total Revenues	<u>3,084,484</u>	<u>211,706</u>	<u>-</u>	<u>3,296,190</u>
<u>Expenditures:</u>				
Public Safety	527,733	-	-	527,733
Recreation and Cultural	1,967,363	-	-	1,967,363
Debt Service:				
Principal	-	750,000	-	750,000
Interest and Other Charges	-	308,796	-	308,796
Capital Outlay	25,596	-	5,458	31,054
Total Expenditures	<u>2,520,692</u>	<u>1,058,796</u>	<u>5,458</u>	<u>3,584,946</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>563,792</u>	<u>(847,090)</u>	<u>(5,458)</u>	<u>(288,756)</u>
Other Financing Sources (Uses):				
Operating Transfers In	-	861,452	50,000	911,452
Operating Transfers Out	(153,281)	-	-	(153,281)
Total Other Financing Sources (Uses)	<u>(153,281)</u>	<u>861,452</u>	<u>50,000</u>	<u>758,171</u>
Net Change in Fund Balances	410,511	14,362	44,542	469,415
Fund Balances - April 1	<u>3,355,606</u>	<u>112,246</u>	<u>-</u>	<u>3,467,852</u>
Fund Balances - March 31	<u>\$ 3,766,117</u>	<u>\$ 126,608</u>	<u>\$ 44,542</u>	<u>\$ 3,937,267</u>

**CHARTER TOWNSHIP OF OAKLAND**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**March 31, 2008**

	<u>Park</u>	<u>Trails Improvement</u>	<u>Building</u>	<u>Older Persons' Commission</u>
<b><u>ASSETS</u></b>				
Cash	\$ 1,190,979	\$ 288,232	\$ 962,629	\$ 1,061
Accounts Receivable	<u>52,419</u>	<u>17,555</u>	<u>-</u>	<u>17,314</u>
Total Assets	<u><u>\$ 1,243,398</u></u>	<u><u>\$ 305,787</u></u>	<u><u>\$ 962,629</u></u>	<u><u>\$ 18,375</u></u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Accounts Payable	\$ 7,898	\$ 206	\$ 6,284	\$ -
Accrued Liabilities	10,555	762	20,971	-
Due to Other Funds	225	-	-	-
Deposits Payable	<u>-</u>	<u>-</u>	<u>82,175</u>	<u>-</u>
Total Liabilities	18,678	968	109,430	-
Fund Balance:				
Unreserved:				
Undesignated	<u>1,224,720</u>	<u>304,819</u>	<u>853,199</u>	<u>18,375</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,243,398</u></u>	<u><u>\$ 305,787</u></u>	<u><u>\$ 962,629</u></u>	<u><u>\$ 18,375</u></u>

OPC Transportation	Library	Historic District Commission	Total
\$ 61	\$ 938,365	\$ 380,590	\$ 3,761,917
<u>6,020</u>	<u>43,967</u>	<u>8,281</u>	<u>145,556</u>
\$ <u><u>6,081</u></u>	\$ <u><u>982,332</u></u>	\$ <u><u>388,871</u></u>	\$ <u><u>3,907,473</u></u>

\$ -	\$ -	\$ 11,700	\$ 26,088
-	-	580	32,868
-	-	-	225
<u>-</u>	<u>-</u>	<u>-</u>	<u>82,175</u>
-	-	12,280	141,356

<u>6,081</u>	<u>982,332</u>	<u>376,591</u>	<u>3,766,117</u>
\$ <u><u>6,081</u></u>	\$ <u><u>982,332</u></u>	\$ <u><u>388,871</u></u>	\$ <u><u>3,907,473</u></u>

**CHARTER TOWNSHIP OF OAKLAND**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended March 31, 2008**

	<u>Park</u>	<u>Trails Improvement</u>	<u>Building</u>	<u>Older Persons' Commission</u>
Revenues:				
Property Taxes	\$ 933,507	\$ 325,502	\$ -	\$ 304,843
Licenses and Permits	-	-	250,006	-
State Grant	-	-	-	-
Charges for Services	3,150	-	6,600	-
Interest	22,873	-	62,245	982
Other	53,867	5,243	-	-
Total Revenues	<u>1,013,397</u>	<u>330,745</u>	<u>318,851</u>	<u>305,825</u>
Expenditures:				
Current:				
Public Safety	-	-	527,733	-
Recreation and Cultural	637,943	25,926	-	307,165
Capital Outlay	5,322	-	20,274	-
Total Expenditures	<u>643,265</u>	<u>25,926</u>	<u>548,007</u>	<u>307,165</u>
Excess (Deficiency) of Revenues Over Expenditures	370,132	304,819	(229,156)	(1,340)
Other Financing Uses:				
Operating Transfers Out	<u>(153,281)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	216,851	304,819	(229,156)	(1,340)
Fund Balance - April 1	<u>1,007,869</u>	<u>-</u>	<u>1,082,355</u>	<u>19,715</u>
Fund Balance - March 31	<u>\$ 1,224,720</u>	<u>\$ 304,819</u>	<u>\$ 853,199</u>	<u>\$ 18,375</u>

OPC Transportation	Library	Historic District Commission	Total
\$ 116,999	\$ 809,152	\$ 152,394	\$ 2,642,397
-	-	-	250,006
-	-	-	-
-	-	-	9,750
-	22,874	13,847	122,821
375	-	25	59,510
<u>117,374</u>	<u>832,026</u>	<u>166,266</u>	<u>3,084,484</u>
-	-	-	527,733
117,921	794,765	83,643	1,967,363
-	-	-	25,596
<u>117,921</u>	<u>794,765</u>	<u>83,643</u>	<u>2,520,692</u>
(547)	37,261	82,623	563,792
-	-	-	(153,281)
(547)	37,261	82,623	410,511
<u>6,628</u>	<u>945,071</u>	<u>293,968</u>	<u>3,355,606</u>
\$ <u><u>6,081</u></u>	\$ <u><u>982,332</u></u>	\$ <u><u>376,591</u></u>	\$ <u><u>3,766,117</u></u>

**CHARTER TOWNSHIP OF OAKLAND**  
**Nonmajor Debt Service Funds**  
**Combining Balance Sheet**  
**March 31, 2008**

	<u>2002 GO Bond Debt</u>	<u>2000 Park Debt</u>	<u>2000 Fire/Park Debt</u>	<u>2004 Land Debt</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
Cash	\$ 67,944	\$ 47	\$ 34,389	\$ 14,245	\$ 116,625
Accounts Receivable	<u>9,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,983</u>
Cash	<u><u>\$ 77,927</u></u>	<u><u>\$ 47</u></u>	<u><u>\$ 34,389</u></u>	<u><u>\$ 14,245</u></u>	<u><u>\$ 126,608</u></u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance:					
Reserved for Debt Service	<u>77,927</u>	<u>47</u>	<u>34,389</u>	<u>14,245</u>	<u>126,608</u>
Total Liabilities and Fund Balance	<u><u>\$ 77,927</u></u>	<u><u>\$ 47</u></u>	<u><u>\$ 34,389</u></u>	<u><u>\$ 14,245</u></u>	<u><u>\$ 126,608</u></u>



**CHARTER TOWNSHIP OF OAKLAND**  
**Nonmajor Debt Service Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended March 31, 2008**

	<u>2002 GO Bond Debt</u>	<u>2000 Park Debt</u>	<u>2000 Fire/Park Debt</u>	<u>2004 Land Debt</u>	<u>Total</u>
Revenues:					
Property Taxes	\$ 197,235	\$ -	\$ -	\$ -	\$ 197,235
Interest	<u>12,359</u>	<u>2</u>	<u>1,492</u>	<u>618</u>	<u>14,471</u>
Total Revenues	<u>209,594</u>	<u>2</u>	<u>1,492</u>	<u>618</u>	<u>211,706</u>
Expenditures:					
Principal	100,000	30,000	340,000	280,000	750,000
Interest and Fees	<u>97,344</u>	<u>750</u>	<u>174,140</u>	<u>36,562</u>	<u>308,796</u>
Total Expenditures	<u>197,344</u>	<u>30,750</u>	<u>514,140</u>	<u>316,562</u>	<u>1,058,796</u>
Excess (Deficiency) of Revenues Over Expenditures	12,250	(30,748)	(512,648)	(315,944)	(847,090)
Other Financing Sources:					
Operating Transfers In	<u>-</u>	<u>30,750</u>	<u>514,140</u>	<u>316,562</u>	<u>861,452</u>
Net Change in Fund Balance	12,250	2	1,492	618	14,362
Fund Balance - April 1	<u>65,677</u>	<u>45</u>	<u>32,897</u>	<u>13,627</u>	<u>112,246</u>
Fund Balance - March 31	<u>\$ 77,927</u>	<u>\$ 47</u>	<u>\$ 34,389</u>	<u>\$ 14,245</u>	<u>\$ 126,608</u>

# POST, SMYTHE, LUTZ and ZIEL

of Plymouth LLP  
*Certified Public Accountants*

## PLYMOUTH

1034 WEST ANN ARBOR TRAIL  
P.O. BOX 5520  
PLYMOUTH, MI 48170-1502

TELEPHONE (734) 453-8770  
FAX (734) 453-0312

Dennis M. Siegner, C.P.A., C.V.A.  
David R. Williamson, C.P.A.  
Jane F. Wang, C.P.A.  
Rana M. Emmons, C.P.A.

Jennifer A. Galofaro, C.P.A., C.V.A.  
Susan H. Bertram, C.P.A.

## BLOOMFIELD HILLS

3707 WEST MAPLE ROAD  
SUITE 101  
BLOOMFIELD HILLS, MI 48301-3212

TELEPHONE (248) 644-9125  
FAX (248) 593-1986

September 10, 2008

Board of Trustees  
Charter Township of Oakland  
Oakland County, Michigan

In planning and performing our audit of the financial statements of the Charter Township of Oakland as of and for the year ended March 31, 2008 in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

The volume and complexity of the Township's accounting records, especially the year end closing process, continues to be a significant amount of work, which requires numerous journal entries to the Township's general ledger at year end as part of the audit process. The Township does not have staff with sufficient skills to prepare financial statements and record transactions in accordance with U.S. generally accepted accounting principles.

This communication is intended solely for the information and use of management and the Board of Trustees of the Charter Township of Oakland and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Post Smythe Lutz and Ziel of Plymouth".

Post, Smythe, Lutz and Ziel of Plymouth LLP  
Certified Public Accountants